

Message Text

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AMEMBASSY PARIS

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USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

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PASS AGRICULTURE

TAGS: EAGR UK

SUBJECT: UK MINISTER OF AGRICULTURE TAKES STILL FIRMER
STAND ON GREEN POUND AND CAP REFORM

BEGIN SUMMARY: UK MINISTER OF AGRICULTURE YESTERDAY
DIRECTLY LINKED POSSIBLE GREEN POUND DEVALUATION WITH
REFORM OF EC FARM POLICY AND OUTSPOKENLY ATTACKED CAP
SURPLUSES. END SUMMARY.

1. AT THE OPENING OF THE 1976 ROYAL SMITHFIELD SHOW,
LONDON, DECEMBER 6, 1976, UK MINISTER OF AGRICULTURE,
JOHN SILKIN, MADE POSSIBLY HIS STRONGEST STATEMENT TO
DATE ON UK'S CONTINUING REFUSAL TO DEVALUE GREEN POUND
AND HIS ATTITUDE TO THE CAP. HE EXPRESSLY STATED THAT
GREEN POUND DEVALUATION WOULD BE USED AS A BARGAINING
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COUNTER IN EXCHANGE FOR CAP REFORMS. HIS EXACT WORDS

WERE "AN EXTREMELY GOOD BARGAINING COUNTER TO GET PRICE STABILITY IN THE SIX MONTHS OR SO THAT LIE AHEAD."

2. SILKIN SAID IT WAS NOT CURRENCY PROBLEMS WHICH HAD GOT THE EC'S FARM POLICY INTO TROUBLE. "LONG BEFORE THE GREEN POUND GOT INTO QUESTION, THERE WERE STRUCTURAL SURPLUSES AND MOUNTAINS OF ONE SORT OR ANOTHER WHERE FOOD WAS ACCUMULATING LARGELY BECAUSE THE CONSUMER COULD NOT AFFORD TO BUY IT.....WE ARE NOT PREPARED TO SEE A SITUATION WHERE MOUNTAINS OF MILK AND BUTTER GO UP AND THEN HAVE TO BE FLOGGED OFF CHEAP TO THE RUSSIANS. IT DOES NOT MAKE ANY SENSE AT ALL TO US."

3. SILKIN SAID BRITAIN'S FARMING METHODS WERE THE MOST ADVANCED IN THE EC BUT HIGH COMMUNITY FOOD PRICES WERE SUBSIDISING BAD PRODUCTION IN OTHER PARTS OF THE COMMUNITY. HE WENT ON "BRITAIN IS PAYING RIGHT OVER THE ODDS FOR THINGS IT NEVER NEEDS. IT SUBSIDISES WINES. IT SUBSIDISES OLIVE OIL."

4. ON THE SUBJECT OF BRITISH EFFICIENCY HE SAID "ANYTHING THAT AIDS INCREASED PRODUCTION HERE MUST BE RIGHT AND IF THERE ARE INEFFICIENT COUNTRIES THAT HAVE TO DO A LITTLE CONTRACTING, THEN SO BE IT."

5. COMMENTING ON HIS ATTITUDE TO THE NEXT ROUND OF EC FARM PRICE NEGOTIATION HE SAID "WHAT IS GOOD FOR BRITAIN, IS GOOD FOR THE COMMUNITY."

6. SILKIN ACKNOWLEDGED THAT UK FOOD PRICES MUST INEVITABLY GO UP BECAUSE OF THE REDUCED VALUE OF STERLING AND BECAUSE OF DROUGHT AND CITED AS AN EXAMPLE THE FORTHCOMING MILK PRICE INCREASE IN JANUARY. BUT HE SAID "WE SHALL DO OUR DAMNEDEST TO KEEP THE RATE OF FOOD PRICE INCREASE BELOW THE 20 PERCENT RISE WE HAVE HAD THIS YEAR.WHAT THE GOVERNMENT AND I AS MINISTER HAVE TO DO IS KEEP THE PRICE RISES WE CANNOT AVOID AS LOW AS WE REASONABLY CAN."

COMMENT: SILKIN'S LATEST OUTBURST ON THE GREEN POUND AND THE CAP CAME ONLY A FEW WEEKS BEFORE HE IS DUE TO TAKE HIS UNCLASSIFIED

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TURN AS PRESIDENT OF THE EC COUNCIL OF AGRICULTURE MINISTERS AND SEEMS TO HERALD SOME VERY STORMY SESSIONS AT FORTHCOMING EC PRICE REVIEW NEGOTIATIONS. THERE IS LIKELY TO BE A PARTICULARLY BITTER CLASH WITH THE IRISH WHOSE INTEREST IN GREEN POUND DEVALUATION IS DIAMETRICALLY OPPOSED TO THE BRITISH VIEWPOINT.

SILKIN'S CLAIM FOR THE SUPERIOR EFFICIENCY OF BRITISH

AGRICULTURE HAS IN THE MEANTIME NOT BEEN ENTIRELY SUPPORTED BY STATISTICS RELEASED BY THE UK MILK MARKETING BOARD SAYING THAT IN TERMS OF MILK YIELD PER COW THE UK IS THIRD IN THE COMMUNITY BEHIND HOLLAND AND DENMARK.

ARMSTRONG

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